



SENATE TAXATION

EXHIBIT NO. 1

DATE 3.6.09

BILL NO. SB317

Effect of the Federal Tax Increase on Tobacco Products in Relations to Montana Tax Collections

Tobacco Products	1000 units	Pack of 20	Montana Tax (Current Rate) / Pack	Montana Tax /SB317
Small Cigarettes	\$19.50 <i>(\$50.33)</i> 158% increase	\$0.39 <i>(\$1.0066)</i> 158% increase	\$1.70 <i>(\$1.70)</i> 0% increase	\$1.70 <i>(\$1.70)</i> 0% increase
Large Cigarettes	\$40.95 <i>(\$105.69)</i> 158% increase	\$0.82 <i>(\$2.1138)</i> 158% increase	\$1.70 <i>(\$1.70)</i> 0% increase	\$1.70 <i>(\$1.70)</i> 0% increase
Small Cigars	\$1.828 <i>(\$50.33)</i> 2,653% increase	\$0.04 <i>(\$1.0066)</i> 2,653% increase	\$1.70 <i>(\$1.70)</i> 0% increase	\$1.70 <i>(\$1.70)</i> 0% increase
Tobacco Products	1000 units	Each	Each	Each
Large Cigars	20.719% of sales price but not to exceed \$48.75 <i>(\$52.75% not to exceed \$402.60)</i>	\$0.05 maximum <i>(\$0.4026 maximum)</i> 722% increase	\$0.2013 maximum	\$0.4751 maximum
Tobacco Products	1 lb.	1 Ounce Tin or Pouch	1 Ounce Tin or Pouch	1 Ounce Tin or Pouch
Pipe Tobacco	\$1.0969 <i>(\$2.8311)</i> 158% increase	\$0.0686 <i>(\$0.17694)</i> 158% increase	\$0.0343 <i>(\$0.08847)</i> 158% increase	\$0.0343 <i>(\$0.2088)</i> * 136% increase
Chewing Tobacco	\$0.195 <i>(\$0.5033)</i> 158% increase	\$0.0122 <i>(\$0.03145)</i> 158% increase	\$0.0061 <i>(\$0.01572)</i> 158% increase	\$0.0061 <i>(\$0.03711)</i> * 136% increase
Snuff **	\$0.585 <i>(\$1.51)</i> 158% increase	\$0.0366 <i>(\$0.09437)</i> 158% increase	\$0.0183 <i>(\$0.04718)</i> 158% increase	\$0.0183 <i>(\$0.1113)</i> * 136% increase
Roll-your-own Tobacco	\$1.0969 <i>(\$24.78)</i> 2,159% increase	\$0.0686 <i>(\$1.54875)</i> 2,159% increase	\$0.0343 <i>(\$0.77437)</i> 2,159% increase	\$0.0343 <i>(\$1.8275)</i> * 136% increase

Source: TTB.gov. – Alcohol and Tobacco Tax and Trade Bureau – U.S. Department of the Treasury

Bold/Italics: New Federal Tax Rate and percentage of increase over current tax rate.

*** 136%** in column four is the increase between the Montana tax collections on the new federal tax at the 118% tax rate compared to the Montana tax collections on the new federal tax at 50%. (i.e. Pipe tobacco (.2088-.08847)/.08847=136%).

**** Snuff:** Federal definition of snuff includes both moist snuff and dry snuff. Montana figures above reflect the increase on dry snuff only. The new federal tax rate on moist stuff does not increase the Montana tax as it is taxes at \$.85 per ounce and not on the wholesale price.